

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

**Independent Auditors' Reports
Financial Statements and
Other Information
Schedule of Findings**

June 30, 2013 and 2012

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

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TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
LeeAnn Boldt	Commission Member	City of Vining
Craig Russell	Commission Member	City of Gladbrook
Lori Leytham	Commission Member	City of Garwin
Open	Commission Member	City of Lincoln
Susan Eberhart	Commission Member	City of Montour
Mike Henle	Commission Member	City of Toledo
Steve VanDeWalle	Commission Member	City of Chelsea
Open	Commission Member	City of Clutier
Bob Hill	Commission Member	City of Tama
Barton Jensen	Commission Member	City of Dysart
Open	Commission Member	City of Traer
Linn Snell	Commission Member	City of Elberon
Curtis Seymour	Commission Member	Sac & Fox Tribal Council
Larry Vest	Commission Member	Tama County
Kendall Jordan	Commission Member	Tama County
Dan Anderson	Commission Member	Tama County
Eric Werner	Administrator	
Susan Jones	Clerk / Treasurer	



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com
Nathan P. Minkel, CPA • nathan@bowmanandmillerpc.com

Independent Auditors' Report

To the Members of Tama County
Solid Waste Disposal Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Tama County Solid Waste Disposal Commission as of and for the years ended June 30, 2013 and 2012, and the related Notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

The Commission is currently involved in a matter which may result in litigation. The Commission and its legal representatives are unable to comment on this matter. Therefore, we were not able to obtain any information concerning this matter and the potential for disclosure in the financial statements.

Qualified Opinion

In our opinion, except for the disclosure, if any, that may be required based on information in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the Tama County Solid Waste Disposal Commission as of June 30, 2013 and 2012, and the changes in its cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

The other information, Management's Discussion and Analysis on pages 4 through 6, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2013 on our consideration of the Tama County Solid Waste Disposal Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Tama County Solid Waste Disposal Commission's internal control over financial reporting and compliance.

Bowman & Miller, P.C.

Marshalltown, Iowa
December 6, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Tama County Solid Waste Disposal Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of the Tama County Solid Waste Disposal Commission is for the years ended June 30, 2013 and 2012. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follows.

2013 FINANCIAL HIGHLIGHTS

- Operating receipts decreased 6.7%, or approximately \$53,400, from fiscal year 2012 to fiscal year 2013.
- Operating disbursements increased 1.7%, or approximately \$9,000, from fiscal year 2012 to fiscal year 2013.
- The Commission's cash balance increased 9.4%, or approximately \$277,900, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

The Commission has elected to present its financial statements on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the financial statements. The annual report consists of the financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the financial statements and provides an analytical overview of the Commission's financial activities.
- The Statements of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's cash basis financial position has improved or deteriorated as a result of the year's activities.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.
- Other information further explains and supports the financial statements with a comparison of the Commission's budgeted disbursements for the year.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Cash Receipts, Disbursements and Changes in Cash Balance

The purpose of the statements is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. The statements also present a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statements are able to determine the Commission's cash basis financial position by analyzing the increase and decrease in cash balance.

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, equipment purchases and capital projects. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2013 and June 30, 2012 is as follows:

Changes in Cash Balance		
	Year ended June 30,	
	2013	2012
Operating receipts:		
Per capita assessments	\$ 284,272	280,057
Tipping fees and gate charges	420,910	497,179
Recycling grant	4,625	-
Miscellaneous	32,650	18,623
Total operating receipts	<u>742,457</u>	<u>795,859</u>
Operating disbursements:		
Salaries	121,320	145,919
Payroll taxes	9,456	11,452
IPERS - employer share	9,750	11,218
Health insurance	34,772	32,060
Education	3,102	2,608
Office supplies	6,872	3,070
Telephone	819	832
Postage	1,215	976
Recycling	40,534	39,862
Utilities	3,783	3,842
Fuel and oil	37,764	48,838
Clothes and uniforms	-	20
Repairs	58,808	70,435
Development and improvements	124,727	77,643
Insurance	13,516	10,487
Mileage	696	666
Engineering/testing/inspection	17,209	14,795
Professional fees	4,100	4,000
Tonnage fees	39,440	40,141
Total operating disbursements	<u>527,883</u>	<u>518,864</u>
Excess of operating receipts over operating disbursements	<u>214,574</u>	<u>276,995</u>
Non-operating receipts (disbursements):		
Interest on investments	64,938	56,814
Gain (loss) on sale of investments	-	(4)
New cell construction	(1,621)	-
New equipment	-	(23,000)
Net non-operating receipts (disbursements)	<u>63,317</u>	<u>33,810</u>
Change in cash balance	277,891	310,805
Cash balance beginning of year	<u>2,952,415</u>	<u>2,641,610</u>
Cash balance end of year	<u>\$ 3,230,306</u>	<u>2,952,415</u>

Changes in Cash Balance (continued)		
	Year ended June 30,	
	2013	2012
Cash Basis Fund Balance		
Restricted for:		
Closure/postclosure care	\$ 1,983,944	1,835,800
Unrestricted	1,246,362	1,116,615
Total cash basis fund balance	<u>\$ 3,230,306</u>	<u>2,952,415</u>

In fiscal year 2013, operating receipts decreased by \$53,402, or 6.7% over fiscal year 2012. The net decrease was primarily due to \$32,024 in solid waste fees that were overcharged and collected in fiscal year 2012 and refunded in fiscal year 2013. At the end of the fiscal year, all but one City's per capita assessments had been received by the Commission. Operating disbursements increased \$9,019 primarily due to an increase in development and improvement costs in 2013 compared to fiscal year 2012. Non-operating receipts increased \$8,124 and non-operating disbursements decreased \$21,383 due to new equipment purchased in the prior fiscal year and a minimal increase in the cost of cell construction.

LONG-TERM DEBT

At June 30, 2013 and 2012, the Commission had no long-term debt outstanding.

ECONOMIC FACTORS

The financial position of Tama County Solid Waste Disposal Commission improved in the current fiscal year as minimal new cell construction costs were disbursed in the current fiscal year, therefore, increasing net assets. The current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities require maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.
- Annual deposits required to be made to closure and postclosure care accounts are based on constantly changing estimates and the number of tons of solid waste received at the facility.
- Unforeseen regulatory changes could have an impact on the operating costs of the facility.

The Commission anticipates the 2013/2014 fiscal year will include basically the same operating costs as the current year. They will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Tama County Solid Waste Disposal Commission, 1002 E. 5th St., Tama, IA 52339

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION
Statements of Cash Receipts, Disbursements and
Changes in Cash Balance
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating receipts:		
Per capita assessments	\$ 284,272	280,057
Tipping fees and gate charges	420,910	497,179
Recycling grant	4,625	-
Miscellaneous	32,650	18,623
Total operating receipts	<u>742,457</u>	<u>795,859</u>
Operating disbursements:		
Administrator salary	45,252	63,217
Salaries-full time	46,969	63,341
Salaries-part time	29,099	19,361
Payroll taxes	9,456	11,452
IPERS - employer share	9,750	11,218
Health insurance	34,772	32,060
Education	3,102	2,608
Office supplies	6,872	3,070
Telephone	819	832
Postage	1,215	976
Recycling	40,534	39,862
Utilities	3,783	3,842
Fuel and oil	37,764	48,838
Clothes and uniforms	-	20
Repairs	58,808	70,435
Development and improvements	124,727	77,643
Insurance	13,516	10,487
Mileage	696	666
Engineering/testing/inspection	17,209	14,795
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New cell construction	(1,621)	-
New equipment	-	(23,000)
Net non-operating receipts (disbursements)	<u>63,317</u>	<u>33,810</u>
Change in cash balance	277,891	310,805
Cash balance beginning of year	2,952,415	2,641,610
Cash balance end of year	<u>\$ 3,230,306</u>	<u>2,952,415</u>

See notes to financial statements.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION
Statements of Cash Receipts, Disbursements and
Changes in Cash Balance (Continued)
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Basis Fund Balance		
Restricted for:		
Closure/postclosure care	\$ 1,983,944	1,835,800
Unrestricted	<u>1,246,362</u>	<u>1,116,615</u>
Total cash basis fund balance	<u><u>\$ 3,230,306</u></u>	<u><u>2,952,415</u></u>

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies

Tama County Solid Waste Disposal Commission was formed in 1973 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste and recycling facilities in Tama County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each of the twelve member cities, one representative from the Sac and Fox Tribal Council, and three representatives from the Tama County Board of Supervisors. The member cities are: Chelsea, Clutier, Dysart, Elberon, Garwin, Gladbrook, Lincoln, Montour, Tama, Toledo, Traer, and Vining. The Commissioners have one vote each.

A. Reporting Entity

For financial reporting purposes, Tama County Solid Waste Disposal Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation, and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2013 and 2012

Note 1 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

Accordingly, the financial statements do not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

D. Net Position

Funds set aside for payment of closure and postclosure care are classified as restricted.

Note 2 - Cash and Investments

The Commission's deposits in banks at June 30, 2013 and 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission's investments at June 30, 2013 and 2012 are as follows:

	<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
2013	Certificates of deposits	<u>\$ 2,952,744</u>	<u>2,941,726</u>
2012	Certificates of deposits	<u>\$ 2,591,843</u>	<u>2,615,259</u>

Interest rate risk - the Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Commission.

Note 3 - Pension and Retirement Benefits

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2013 and 2012

Note 3 - Pension and Retirement Benefits (continued)

Plan members are required to contribute 5.78% of their annual salary and the Commission is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011, were \$9,750, \$11,218 and \$9,411, respectively, equal to the required contributions for each year.

Note 4 - Control of Landfill Commission Funds

The Commission has two main sources of revenue: gate receipts and per capita assessments. All gate fees are deposited with Tama County. Per capita assessments received are deposited into the checking account at the Commission. Tama County accounts for approximately 33% of per capita assessments. As the County requires additional funds, the Commission remits a portion of these per capita assessments to Tama County. The majority of claims are paid by Tama County, after approval by the Commission Board.

Note 5 - Compensated Absences

Commission employees accumulate a limited amount of earned but unused compensatory time and vacation leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned compensatory time and vacation payments payable to employees at June 30, 2013 and 2012 is as follows:

<u>Type of Benefit</u>	<u>2013</u>	<u>2012</u>
Vacation and compensatory time	\$ <u>12,642</u>	<u>15,738</u>

This liability has been computed based on rates of pay in effect as of June 30, 2013 and 2012.

Note 6 - Closure and Postclosure Care Costs

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2013 and 2012

Note 6 - Closure and Postclosure Care Costs (Continued)

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Commission have been estimated at \$832,100 for closure and \$1,437,000 for postclosure, for a total of \$2,269,100 as of June 30, 2013. The estimated remaining life of the landfill is 30 years at June 30, 2013.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2013, assets of \$1,983,944 are restricted for closure/postclosure costs. The Commission has funded the plan in excess of what is required. They are reported as restricted cash balance in the Statements of Cash Receipts, Disbursements and Changes in Cash Balance.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = nest payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2013 and 2012

Note 6 - Closure and Postclosure Care Costs (Continued)

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Commission is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

Note 7 - Solid Waste Tonnage Fees Retained

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2013 and 2012, the Commission had no unspent tonnage fees.

Note 8 - Risk Management

Tama County is a member of the Heartland Insurance Risk Pool, as allowed by Chapter 670.7 of the Code of Iowa. Tama County Solid Waste Disposal Commission falls under Tama County's policy with Heartland Insurance Risk Pool. The Heartland Insurance Risk Pool (Pool) is a local government risk-sharing pool whose membership includes ten counties throughout the State of Iowa. The Pool was formed in July 1987 to provide workers' compensation and property/casualty insurance for its members. The risk pool was created for the purposes of providing and maintaining self-insurance benefits on a group basis substantially at cost.

Each member County is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member County against any person or other entity legally responsible for damages for said loss, and in such event, the member County is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2013, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2013, 2012 and 2011, the risk pool reported a surplus of assets over liabilities.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2013 and 2012

Note 8 - Risk Management (Continued)

Member Counties retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool by means of an assessment that would be charged to the member in addition to the premium contributions. At June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since commencement of the risk pool.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the years ended June 30, 2013 and 2012 were \$13,146 and \$6,147, respectively.

Initial membership into the risk pool is for a mandatory three year period. Subsequent to the initial term, a member may withdraw at the end of any given fiscal year. The initial membership period for Tama County Solid Waste Disposal Commission commenced July 1, 1987 and is subject to renewal every three years. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9 - Related Parties

Two Commission members are owner/operators of garbage collection businesses which utilize the Tama County Solid Waste Disposal for its dumping. Receipts during the fiscal years ended June 30, 2013 and 2012 from these businesses totaled \$91,182 and \$96,406 respectively. The members owed at June 30, 2013 and 2012, \$8,198 and \$7,978, respectively. They are billed on a monthly basis for invoices charged during the previous month.

Note 10 - Other Postemployment Benefits (OPEB)

Plan Description – The Commission participates in the Tama County post retirement benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 3 active members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug and dental benefits are provided through a partially self-funded medical plan administered by Bernie Lowe and Associates. Retirees under age 65 pay 102% of the full active employee premium for the medical/prescription drug benefits.

Funding Policy - The contribution requirements of plan members are established and may be amended by the County. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Commission and plan members are \$554 for single coverage and \$1,203 for family coverage. For the years ended June 30, 2013 and 2012, the Commission contributed \$34,773 and \$32,060, respectively and plan members eligible for benefits contributed \$-0- to the plan.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Notes to Financial Statements (Continued) June 30, 2013 and 2012

Note 11 – Possible Litigation

The Commission is involved in a matter which may result in litigation. The Commission and its legal representatives are unable to comment on this matter. Therefore, we were not able to obtain any information concerning this matter.

Note 12 - Date of Management's Evaluation

The Commission has evaluated all subsequent events through December 6, 2013, the date the financial statements were available to be issued.

Supplementary Information

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION
Schedule of Comparisons of Disbursements with Budgets
For the Year Ended June 30, 2013

	Budget	Funds Expended Through County Auditor	(Favorable) Unfavorable Variance	Funds Expended Through Landfill Treasurer	Total Funds Expended
Administrator salary	\$ 45,252	45,252	-	-	45,252
Salaries - full time	66,048	46,969	(19,079)	-	46,969
Salaries - part time	25,584	29,099	3,515	-	29,099
Payroll taxes	10,889	9,456	(1,433)	-	9,456
IPERS-employer share	11,868	9,750	(2,118)	-	9,750
Health insurance	35,526	34,772	(754)	-	34,772
Education	2,000	3,102	1,102	-	3,102
Office supplies	2,900	6,872	3,972	-	6,872
Telephone	900	819	(81)	-	819
Postage	1,200	1,215	15	-	1,215
Recycling	67,683	40,534	(27,149)	-	40,534
Utilities	6,000	3,783	(2,217)	-	3,783
Fuel and oil	38,000	37,764	(236)	-	37,764
Repairs	50,000	55,628	5,628	-	55,628
Development and improvements	170,000	126,348	(43,652)	-	126,348
Insurance	8,300	13,516	5,216	-	13,516
Mileage	750	696	(54)	-	696
Engineering/testing/inspection	50,000	17,209	(32,791)	-	17,209
Professional fees	4,100	4,100	-	-	4,100
Tonnage fees	-	39,440	39,440	-	39,440
Buildings	3,000	3,180	180	-	3,180
Total	\$ 600,000	529,504	(70,496)	-	529,504

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION
Schedule of Comparisons of Disbursements with Budgets
For the Year Ended June 30, 2012

	Budget	Funds Expended Through County Auditor	(Favorable) Unfavorable Variance	Funds Expended Through Landfill Treasurer	Total Funds Expended
Administrator salary	\$ 63,217	63,217	-	-	63,217
Salaries - full time	56,429	63,341	6,912	-	63,341
Salaries - part time	32,252	19,361	(12,891)	-	19,361
Payroll taxes	12,076	11,452	(624)	-	11,452
IPERS-employer share	12,258	11,218	(1,040)	-	11,218
Health insurance	31,126	32,060	934	-	32,060
Education	3,000	2,608	(392)	-	2,608
Office supplies	4,000	3,070	(930)	-	3,070
Telephone	1,000	832	(168)	-	832
Postage	1,200	976	(224)	-	976
Recycling	-	39,862	39,862	-	39,862
Utilities	6,500	3,842	(2,658)	-	3,842
Fuel and oil	50,000	48,838	(1,162)	-	48,838
Clothes and uniforms	-	20	20	-	20
Repairs	70,000	64,961	(5,039)	-	64,961
Development and improvements	435,284	77,643	(357,641)	-	77,643
Insurance	8,300	10,487	2,187	-	10,487
Mileage	750	666	(84)	-	666
Engineering/testing/inspection	60,000	14,795	(45,205)	-	14,795
Professional fees	4,000	4,000	-	-	4,000
Tonnage fees	-	40,141	40,141	-	40,141
New equipment	20,000	23,000	3,000	-	23,000
Building	3,000	5,474	2,474	-	5,474
Total	\$ 874,392	541,864	(332,528)	-	541,864



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Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on Audits of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of Tama County
Solid Waste Disposal Commission:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Tama County Solid Waste Disposal Commission as of and for the years ended June 30, 2013 and 2012, and the related notes to financial statements, and have issued our report thereon dated December 6, 2013. Our report expressed a qualified opinion on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tama County Solid Waste Disposal Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tama County Solid Waste Disposal Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on Audits of Financial Statements Performed in Accordance with
Government Auditing Standards**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tama County Solid Waste Disposal Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the years ended June 30, 2013 and 2012 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Tama County Solid Waste Disposal Commission during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman & Miller, P.C.

Marshalltown, Iowa
December 6, 2013

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Schedule of Findings Years Ended June 30, 2013 and 2012

Findings Related to the Financial Statements:

Instances of significant deficiencies:

No matters were reported.

Instances of non-compliance:

No matters were reported.

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.
- (5) Solid Waste Tonnage Fees Retained – No instances of non-compliance with the solid waste fees used or retained in accordance with Chapter 455B.310 of the Code of Iowa.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Schedule of Findings Years Ended June 30, 2013 and 2012

- (6) Financial Assurance – The Commission has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code (IAC). The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ <u>2,269,100</u>
Balance of funds required to be held in the local dedicated fund at June 30, 2013	\$ <u>1,883,944</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2013	\$ <u>1,983,944</u>

Iowa Department of Natural Resources rules and regulations require deposits into the closure and postclosure care accounts be made at least yearly within 30 days of the close of each year. The required deposit was made throughout the current fiscal year.

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Audit Staff

This audit was performed by:

BOWMAN & MILLER, P.C.
Certified Public Accountants
Marshalltown, Iowa

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